



The Value of Project Management Training

A Benchmark of Current Business Practices

ORGANIZATIONS SHOW SIGNIFICANT value in implementing project management training initiatives. They consistently show moderate to extreme improvement in a variety of business measures, including customer satisfaction, productivity, and cost-schedule-requirements performance. More than 90% of organizations surveyed showed moderate to extreme improvement in the training participant's on-the-job performance. These conclusions are among the results of a survey of fifty-three project management practitioners by the Center for Business Practices, the research arm of the consulting and training organization, PM Solutions.

The CBP surveyed senior practitioners with knowledge of their organizations' project management practices and business results. The survey, *The Value of Project Management Training: A Benchmark of Current Business Practices*, was designed to help project management training decision makers including project office leaders, project directors, human resource managers, and corporate university heads, better understand current practices and trends affecting their project management training investments.

According to the research, organizations use most common types of evaluation methods to measure the value of project management training, including participants' satisfaction with training, informal observations by supervisors, improvement in knowledge or skill, improvement in performance, and improvement in business results.

In 62% to 91% of organizations, PM training resulted in moderate to extreme improvement in the participant's knowledge or skills, in the participant's on-the-job performance, and in schedule performance, requirements performance, quality, productivity, cycle time, employee satisfaction, and customer satisfaction.

The most used training delivery method is the on-site classroom (40% of the time), followed by off-site classroom instruction (22%). E-learning also counts for a significant amount of PM training time (27%).

Organizations spent an average of \$142,305 on PM training in 2003, which amounted to \$1,734 per project management employee.

The Value of Project Management Training: A Benchmark of Current Business Practices is the first survey to provide benchmark data on a wide variety of project management training issues. The findings are helpful in gauging the value of project management training and what, in general, most organizations practice.

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Observations from the Survey Results

General

Survey participants reported on PM training delivered to their organizations. "Organization" can be the enterprise as a whole, or a sub-unit within the enterprise. Those reporting on sub-units represented 62% of the responses, and 26% of the responses represented the project management sub-units within the company (e.g. project office, project management department, center of excellence).

Composition of Organization

The median number of employees involved in projects (defined as those eligible for PM training) was 40 (the average was 264, skewed significantly by the responses of several very large organizations). The number of employees involved in projects is about 10% of the total number of employees in the organization. The median number of PM training hours per eligible employee is 13.

PM Training Practices

The most used training delivery method is the on-site classroom (40% of the time) followed by off-site classroom (22% of the time). E-learning (both instructor-led and self-directed) also accounts for a significant amount of PM training time (27% combined).

The types of PM training were fairly evenly spread, with the largest number of organizations offering PM basics (74%), followed by advanced PM skill development (55%), and PM software tool training (55%). Those percentages are expected to change somewhat in 2004: PM basics (60%), advanced PM skill development (62%), and PM software tool training (58%).

The three major sources of PM training were from private training or consulting companies (for 57% of organizations), in-house trainers (43%), and independent training instructors (34%). The criteria for selecting these sources, ranked in order of importance, are: (1) quality, (2) cost, (3) organizational requirements, (4) convenience, (5) customer service, and (6) reputation.

Most organizations do not require their project managers to take PM training (47%), but a significant number of organizations require their project managers take more than 50 hours PM training per year (21%).

A significant number of organizations have a formal PM professional development program (36%). A majority have not addressed the idea of project manager certification (57%), but 34% formally recognize the PMP® certification offered by the Project Management Institute.



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PM Training Value

Organizations use most types of evaluation methods to measure the value of PM training, including participants' satisfaction with training (44%), informal observations by supervisors (24%), improvement in knowledge or skill (17%), improvement in performance (13%), and improvement in business results (11%).

Organizations show moderate to extreme improvement due to the PM training initiatives in all areas measured:

- 96% show moderate to extreme satisfaction with PM training
- 81% show moderate to extreme improvement in the participant's knowledge or skills
- 91% show moderate to extreme improvement in the participant's on-the-job performance
- 46% show moderate to extreme improvement in cost performance
- 75% show moderate to extreme improvement in schedule performance
- 67% show moderate to extreme improvement in requirements performance
- 62% show moderate to extreme improvement in quality
- 63% show moderate to extreme improvement in productivity
- 66% show moderate to extreme improvement in cycle time
- 78% show moderate to extreme improvement in employee satisfaction
- 69% show moderate to extreme improvement in customer satisfaction

The most significant barriers preventing the use of new knowledge and skills gained through the PM training include cultural resistance to change (in 62% of organizations), the value of the training not perceived (42%), not enough time to apply the knowledge and skills (38%), a work environment that doesn't support the use of the new knowledge and skills (34%), and no opportunity to use the new knowledge and skills (32%).

Cost of PM Training

Organizations spent an average of \$142,306 (median = \$25,000) on PM training in 2003. This amounted to \$1,734 per project management employee (eligible to receive PM training) at \$109 per hour of training.

Most organizations expect their PM training expenses to remain the same (45% of organizations) or to increase (45%) in 2004. Those who expect it to increase, expect a 77% increase in expenses.

Most organizations also expect their expenses to outside training companies for PM training to remain the same (49%) or increase (44%) in 2004. Those who expect it to increase, expect a 94% increase in expenses.



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Survey Respondent Profile

Most of the responses came from project/program managers (47%) followed by directors of project/program management (17%), and project/program office managers (15%). The size of their company and their industry was similar to other studies we've done, with all size organizations represented and Manufacturing companies most represented (19%) followed by Information (15%) and Professional, Scientific, & Technical Services (13%). More than 45% of the companies had annual sales of \$1 billion, and 36% had annual sales less than \$50 million.



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The Center for Business Practices is a knowledge center created to capture, organize, and transfer business practice knowledge to project stakeholders in order to help you excel in today's rapidly changing business environment. The CBP harnesses project management knowledge and expertise and integrates it into all products and services to deliver the maximum amount of fact-based information to you.

CBP Benchmarking Consortium

Membership in the CBP Consortium provides your organization access to our PM Knowledge Center, a website that houses the complete CBP Library (newsletters, research reports, benchmarking forum reports, measurement tools, etc.), and access to hundreds of PM best practices. Member organizations also receive a copy of each of our PM Practices books, a free delegate pass to our benchmarking forums, and a customized benchmarking survey administered through the CBP website.

CBP Research

The CBP conducts original research that will help you improve your project management practices. Research reports are available on: *The Value of Project Management*, *The State of the PM Industry*, *PM Maturity Benchmark*, *The Value of Project Management in IT Organizations*, *Getting Executive Buy-in* and *Project Portfolio Management*.

Project Management Benchmarking Forum

The Forum is a structured exchange of knowledge among senior-level project practitioners. During the facilitated two-day Forum you'll identify and agree upon project management best practices that you can apply immediately to benefit your organization.

pmValue Measurement

The CBP has developed a system for measuring the impact of project management improvement initiatives to your organization. The CBP will work with you to develop a pmValue Measurement System customized for your organization.

People on Projects: A Project Management Best Practices Report

In this succinctly written monthly e-newsletter, discover best practices that help you develop and enhance your project management competency as well as lead to creating a superior project organization.

Project Management Books

In partnership with international publisher Marcel Dekker, the CBP publishes the PM Practices Series of books, which includes *The Strategic Project Office*, *Project Management Maturity Model*, *The Superior Project Manager*, *The Superior Project Organization*, and *Managing Multiple Projects*. Other books published by the CBP include *Project Portfolio Management*, *Justifying the Value of Project Management*, and *What Makes a Good Project Manager*.

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Best Practices e-Advisor

The *e-Advisor* is a free, bi-monthly e-mail newsletter that provides you with succinct pointers to practices to help you better manage your projects and business processes.

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